

ERate Modernization

Karen Ainslie

Public Library Consultant

kainslie@library.IN.gov

800/451-6028



Today's Topics

- eRate Federal funding
- Modernization Order (1st July 2014; 2nd December 2014)
 - 1) Affordable access to high-speed broadband
 - 2) Maximize cost effectiveness of spending for e-Rate supported services
 - 3) Make e-Rate application process and e-Rate processes fast, simple, efficient
- Forms 470 and 471 for funding
- State Funding for Consortium members



General information

- Federal Communications Commission (**FCC**), an independent U.S. government agency, oversees the E-rate program
- Universal Service Administrative Company (**USAC**), a not-for-profit, administers E-rate along with three other programs
- Schools and Libraries Division (**SLD**) is the part of **USAC** with responsibility for E-rate
- <http://www.usac.org/sl>



General information

- **FCC** sets rules and policies through **orders**
 - Rules are compiled in the Code of Federal Regulations (**CFR**)
 - Policies are defined in the text of orders
- **USAC/SLD** sets **procedures** for specific actions, such as how to process applications
 - **USAC** sends its procedures to the **FCC** for approval each year
 - Form 470
http://usac.org/_res/documents/sl/pdf/forms/470.pdf
 - Form 471

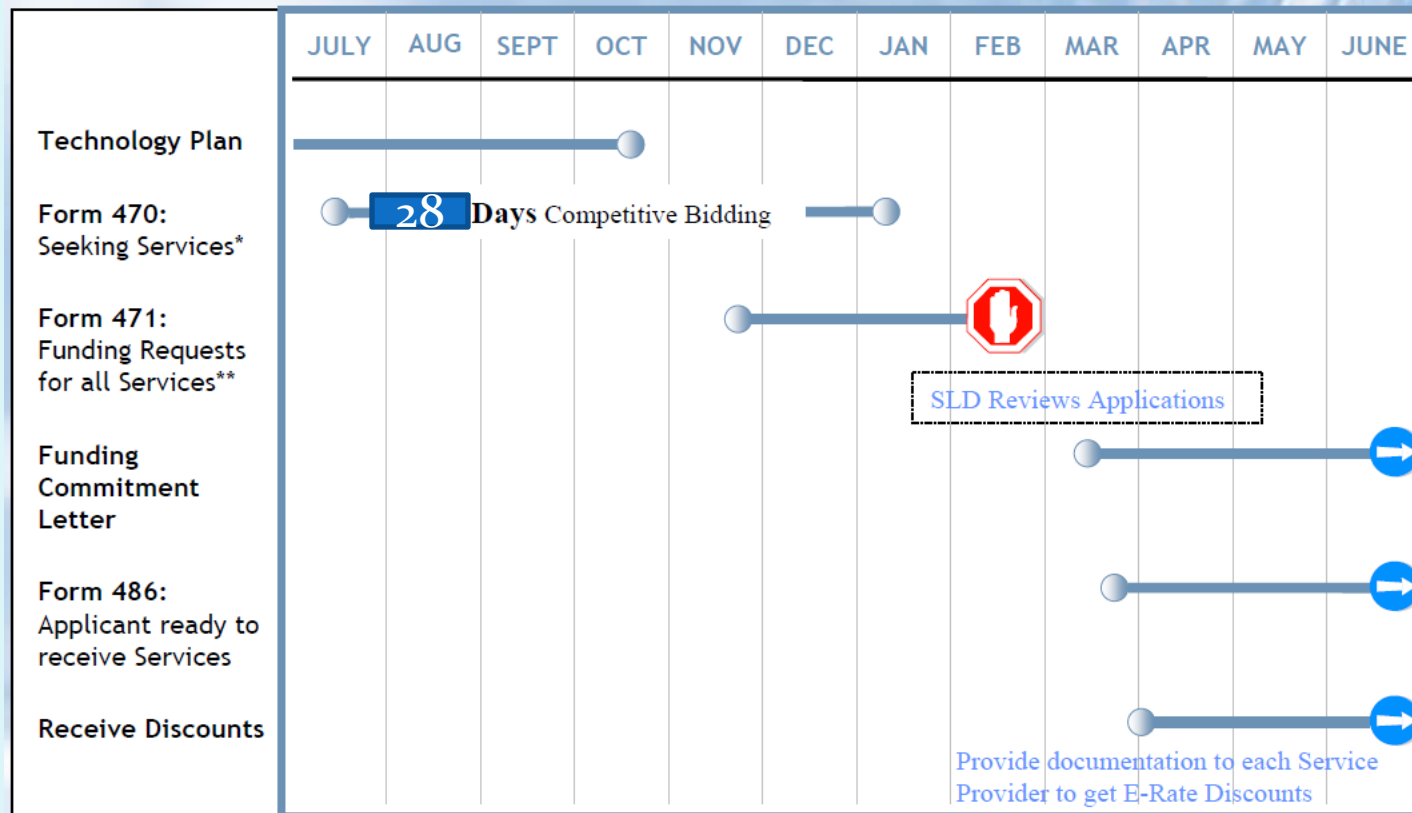


E-rate? What is it?

- E-rate Program provides **reimbursements** to **eligible** schools and libraries for
 - Services needed to support broadband connectivity (category 1)
 - WiFi (category 2)
- Applicants must apply **each year**
- Reimbursements are based on the **poverty level 90%** for category 1
- Funding cap for FY2015 **\$3 billion**



E-RATE Timeline: July 1 - June 30



*These dates are estimates. In order to derive the Form 470 deadline, applicants must count backwards from the Form 471 deadline.

**FCC announces Form 471 filing deadlines each Fall.

Start Over!

Source: J. Siminitus 7/2007

General Information

- Who can apply?
 - Libraries and library systems
 - Eligible for LSTA funds
 - In Indiana public libraries are eligible if they are in standards
 - Schools and school districts
 - Consortia – groups of eligible entities that band together to aggregate demand and negotiate lower prices



Consortium for Public Library Broadband Connectivity

- State Master Contract
 - Multiyear
 - 2RFP s
- Associated Paperwork
 - Board Resolution
 - Letter of Agency
 - CIPA Form 479
- Service Level Checklist to request services



Form 470

- Description of Services Requested
 - Initiates the 28 day competitive bid process
 - Can be associated with an RFP
- Indiana State Library Filed 470 with RFP
 - Result is 3 year contract with ENA for broadband services



Low Cost, High Speed Business Class Internet Access

- No Form 470 posting required as long as meets **all** the following specifications:
 - Bandwidth speeds of at least 100 Mbps downstream and 10 Mbps upstream;
 - Pre-discount price of \$3,600 or less annually, including any one-time installation and equipment charges; and
 - Service and price are commercially available
 - Each library must receive the eligible service at cost of less than \$3,600 annually and applicants may not average the cost of services across a number of buildings to qualify for this exemption.



Form 471

- Description of Services Ordered
- Applicants must have a signed contract or legally binding agreement in place prior to submitting
 - Signed contracts constitute the best evidence that a legally binding agreement exists
 - A verbal offer and/or acceptance will not be considered evidence of the existence of a legally binding agreement.



E-Rate Modernization Order 2014

- Closes Wi-Fi Gap
 - Annual funding target \$3 billion
- Multi-year transition
 - All funding to broadband
 - Phasing down for non-broadband services
 - Voice services reduced by 20% every year
 - After two years a report to FCC on impact
 - Reduction continues



E-Rate Modernization Order 2014 and 2d Modernization Order December 2014

- Services Removed:
 - Web hosting
 - Voice mail
 - Email
 - Paging, directory assistance charges, text messaging, custom calling services, direct inward dialing



Category Two Funding

- Demand for internal broadband and connections exceeds funding available
- Discount now 85% instead of 90%
- Replaces the old 2 in 5 rule (at least for the next 5 years)



What is “E-rate-able”?

- The FCC publishes the **Eligible Services List** each year
- Draft found here
https://apps.fcc.gov/edocs_public/attachmatch/DA-14-1556A1.pdf
- Category Two
 - LAN/WLAN (local area networks/wireless local area networks) focused components (called “broadband internal connections components on the ESL)
 - Basic maintenance of eligible broadband internal connections components are: routers, switches, wireless access points



What is “E-rate-able”?

- Antennas, cabling, connectors, and related components used for internal broadband connections; racks; wireless controller systems; firewall services and components; uninterruptible power supply/battery backup; software supporting each of these components; and caching.
- Managed internal broadband services to Category Two to allow applicants to seek services provided by a third party for the operation, management, and monitoring of eligible broadband internal connections components.



Category Two Budget

- Five year budget based on the size of the library outlet
- \$2.30 PRE-DISCOUNT times the square footage of library (inside four walls)
- Base or floor of \$9,200.
- Some urban libraries will have a \$5.00/sq. ft. over five years pre-discount budget (details TBD, appears to affect libraries serving over 250,000 people only)
- Recalculated every year
- Fund commitments in FY 2015 count against pre-discount budget for entity in FY 2016
- Library systems may not average their costs across library budgets



New Discount Principles

- Rural/Urban
 - Based on most recent decennial U.S. census data
 - Computed for library system not individual libraries
 - NIFS do not get this status and are not counted to determine whether 50% of entities are rural
- Definition
 - Urban is populations of 50,000 or more for urbanized areas
 - 2,500 to 50,000 for urbanized clusters
 - Special category for 250,000 or more as identified by IMLS

Urban/Rural Lookup Tool – Library System

- Use Billed Entity search to find libraries
- Exclude NIFS
- Results for each entity: “U” or “R” or “?”
- Address not found
 - Contact Service Bureau of USAC 1-888-203-8100
- Determine whether 50% urban or rural
- Search tools at
<http://www.usac.org/sl/tools/default.aspx>



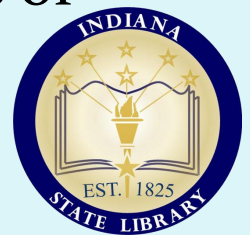
Non-Instructional Facilities (NIFS)

- Do not have Category 2 budgets
- NIF essential for effective transport of information to or within library, applicant allocates the NIF costs to entities benefiting from the service



New Discount Principles

- Calculated for organization as a whole
- Libraries discount derived from the NSLP eligibility of the district in which the main outlet located
- Rural status is determined at the district/system level and only if more than 50% of libraries are rural.
 - Bookmobile count as library outlets
 - Kiosks not counted as library outlet since there is no staff
 - NIFS don't get an urban or rural status; regardless of location discount in the district/system location



Is My Entity Rural?

Libraries/Library Systems

More than 50% of all library outlets are in rural areas.

Do not include NIFS in the determination

If there are six libraries in district, and four are rural, library system is rural



Calculate Your Discount

- How large are the discounts on eligible products and services
 - Discounts: 20% to 90% of eligible costs
 - Discounts for a library depends on:
 - Percentage of K-12 students eligible for **National School Lunch Program** (NSLP) in the school district where library is located – cannot include PreK
 - Urban or rural location



Calculate Your Discount

- Check your NSLP data on Indiana DOE website: Free and Reduced Price Lunch Counts
- <http://www.doe.in.gov/elearning/e-rate-information>



Exceptions to Discount Calculations

- Voice Services Phase Down
 - All voice service (POTS, Centrex, VoIP, cellular voice, etc.) are subject to 20% reduction per year from your regular discount
 - FY 2015=Regular Discount-20%
 - FY 2016=Regular Discount-40%
- Category Two Top Discount
 - Top discount rate=85% instead of 90%



Category Two Budgets

- Five year budget beginning FY 2015 and/or 2016
- Libraries that distribute broadband within libraries
 - Products and services include internal connections, managed internal broadband services and basic maintenance of internal connections
 - Products and services ordered in excess of Category 2 budget will not receive eRate discounts
 - There is no budget for category 1 services (connect broadband to schools)



Which entities have category two budget

- Each library outlet or branch has a pre-discount budget
 - May not average costs across library budgets
- NIF does not have pre-discount budgets
 - If NIF essential for effective transport of information within library, the applicant must allocate NIF costs to one or more entities that benefit from service



Amount of Pre-Discount Budget

- Calculated for library by multiplying total area in square feet, including all areas enclosed by the outer walls of the library and occupied by the library, by \$2.30, with a minimum of \$9,200 if the library is less than 4,000 square feet.
- Example: Library is 3,500 square feet
 - $3,500 \times \$2.30$ per square foot = \$8,050
 - However, there is a \$9,200, therefore pre-discount budget is \$9,200.



Amount of Pre-Discount Budget

- Budgets cover a rolling five year period and are recalculated annually based on enrollment and square footage and can go up or down
- Funding commitments in FY2015 count against the budget for the next four years
- Initially presented as a two year pilot program, extended for 5 years by 12/11/14 Order



Document Retention

- 10 years from last date to receive service
- FY 2015: this is at least June 30, 2026
 - Any document from a prior year that supports current year must be kept until 10 years from last date to receive service as well
 - E.g., Contract from 2010 for recurring services, use to support FY 2015 FRNs, must be kept until at least June 30, 2026
 - Documents may be retained in electronic format or paper and must be disclosed upon request



Indiana State Library Public Library Consortium for Internet Connectivity

- Budgeting for 10 mb of fiber
 - Monthly retail \$2095
- NSLP 80%
 - Discounted monthly bill \$419
 - Annual bill is \$5,028



State Technology Grant Fund

- Biennial Budget Allocation from Build Indiana Fund
- Recent Year \$824,500
- Total Value of Services Requested over \$1 .395 million
- Each member reimbursed at 59%
- Percentage likely to decrease in current year
- Budget total amount of out of pocket costs



Reimbursement

- December year for current Funding Year
 - Ex. December 2014 for 2014/2015 Funding Year
- State Technology Grant Fund
 - Receipt
 - Disbursements



Technology Planning

- Indiana State Library Standard 3 year Technology Plan
 - Moving forward with amended standards to include in long range or strategic plan



CIPA Compliance

- Form 479 for eRate funding
- Filtering



Internet Policy [IC 36-12-1-12]

- Public Meeting hearing
- Board Approval
- Post policy in library by the computers
- Review regularly, annually or biennially



Language in Policy

Users may not

- Violate the law
- Engage in illegal activity
- View obscenity
- Display images
“harmful to minors”

Consult an attorney when revising policy



Summary

- FCC and USAC
- Calendar: July to June
- Eligible Services Category 1 and 2
- Form 470
- Form 471
- Discount: Urban/Rural and NSLP
- Budgets and 5 years
- State Master Contract
- Filtering and Internet Use Policy



Questions and References

- <http://www.ala.org/offices/oitp/publications/policybriefs>



ERate Primer

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